

[REDACTED]

CERTIFIED MAIL

[REDACTED] SEP 06 1983

Fiscal year ending 1/31/83 and subsequent years.

Dear Sir/Madam:

We have considered your application for recognition of exemption from Federal income tax as an organization described in Section 501(c)(4) of the Internal Revenue Code.

You were incorporated on [REDACTED] to buy collectively in bulk, then subdivide to obtain low-cost, quality food.

Internal Revenue Code section 501(c)(4) grants exemption to "Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

The regulations describe the promotion of social welfare as promoting in some way the common good and general welfare of the people of the community, such as bringing about civic betterment and social improvements.

Revenue Ruling 73-349 published in cumulative Bulletin 1973-2 on page 179 states in part that an organization formed to purchase groceries for its members at the lowest possible prices on a cooperative basis is not exempt as a social welfare organization.

Revenue Ruling 78-132, published in cumulative Bulletin 1978-1 on page 157 state in part that a community cooperative organization formed to facilitate the exchange of personal services among members is operating for the private benefit of its members and is not exempt as a social welfare organization under Section 501(c)(4) of the Internal Revenue Code.

Your income is derived from membership dues and sales of groceries to members. Your expenses include the purchase of groceries, rent, utilities and operational items.

The membership must work 2-3 hours per month to obtain groceries at low cost.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	8-23-83	8/24	09/08/83				

[REDACTED]

Based upon the information you supplied, we have determined that you do not qualify as an organization described in section 501(c)(4) of the Internal Revenue Code.

Based on the information supplied, exempt status will not be recognized under any related section of the Internal Revenue Code.

Contributions to your organization are not deductible under Code section 170.

You are required to file Federal income tax returns on the form and for the years shown in the heading of this letter. File these returns with your key District Director for exempt organization matters within 30 days from the date of this letter, unless a request for an extension of time is granted. We will not delay processing of income tax returns and assessment of any taxes due because of your bringing suit for declaratory judgment under code section 7428. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District Office. If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Sincerely,

[REDACTED]  
District Director

Enclosure:  
Publication 892